THE BIGGER PICTURE: DEVELOPING THE ETHICS AND HRM

DEBATE

Michelle Greenwood

Department of Management, Monash University, Victoria, Australia

michelle.greenwood@buseco.monash.edu.au
THE BIGGER PICTURE: DEVELOPING THE ETHICS AND HRM DEBATE

ABSTRACT
Traditionally, the areas of ethics in HRM and of employment issues in Business Ethics have focused on two major themes. First, drawing from deontological ethics, debate on the rights of employees addresses the fundamental rights of individuals within the organisational setting. Second, issues of justice and fairness form the basis of debate of employment policy and practice in areas such as employment conditions. Limiting the discussion to these domains neglects some of the larger ethical implications of HRM. The role and meaning of HRM in the enterprise, and in greater society, deserves ethical attention, in particular the issues of power/knowledge and labour commodification in employment relations. Significant discussion of these issues can be formed drawing from both the radical traditions of industrial relations.

Keywords: ethics, human resource management, rights, justice, society

INTRODUCTION
There is a growing interest in ethical issues within the field of HRM area (Greenwood & De Cieri, 2005). HRM is increasingly being seen as the centre of ethics in the organisation (Wiley, 1998). Additionally, the field of Business Ethics considers the position of employers and employees in the workplace and the relationship between them (Beauchamp & Bowie, 2004). The debate regarding ethics and HRM, however, is inclined to be overly narrow. It has tended to focus for some time on two fundamental areas: the rights and responsibilities of employers and employees addresses the fundamental rights of individuals; and, issues of justice and fairness form the basis of debate of employment policy and practice in areas such as employment conditions, equal opportunity, and human resource development.
Extant debate is limited in that it pays inadequate attention to the role and meaning of the whole of HRM at either the enterprise level or at the societal level. This criticism is not new to HRM (Legge, 1995), but is particularly relevant to the ethical nature of HRM. This paper will argue that, in order to fully discuss the ethical issues of HRM, the focus of the debate must broaden to include the ethics of HRM at a macro-level and in doing so must address the unitarist assumptions of HRM. Initially, the rights and justice approaches to employment will be reviewed in brief (a more comprehensive consideration can be found in Greenwood, 2005). Next the question of the morality of HRM as a whole will be considered. The challenges to the ethical nature of HRM will be introduced at three levels: issues about the HR manager and the HR management function; issues about HRM within the enterprise; and issues about HRM within society. It is concluded that the concerns drawn from both the radical tradition of industrial relations are particularly salient to the debate on the morality of HRM.

EMPLOYEE RIGHTS, JUSTICE AND FAIRNESS

Within the domain of business ethics ethical considerations in the employment relationship traditionally have been concerned with the upholding of the rights and duties of employees. Employees are seen to have rights that both encompass general human rights and also account for the specific demands of the workplace. These rights include the right to fair and safe work conditions, the right to right to freedom of speech and freedom of association, the right to collective bargaining and representation. Lists of such rights can be found in many texts and have been institutionalized in several forums. In many industrialized countries, employees’ rights are enshrined by legal mechanisms: common law, statutes, statutory agreements awards and employment contracts.
We are cautioned against reliance on simplistic lists of employees’ rights as these can be ambiguous and, as such, open to a variety of interpretations (Rowan, 2000). More sophisticated arguments about employees’ rights have been developed recently including the right to meaningful work (Bowie, 1998) and the right to employability (Van Buren III, 2003). According to Bowie (1998: 1083) “at this point in human history within the context of business the possession of meaningful work is necessary for respecting humanity as an end in itself”. Rowan (2000) suggests that it is of greater value to consider the principles underpinning these rights.

Within the field of HRM the focus of ethical concern has tended towards the justice and fairness implications of employment practices (Winstanley and Woodall 2000b). Employment practices with ethical concerns date back to the advent of industrialization, with the fair and proper treatment of employees being a controversial issue right from the beginning of the Industrial Revolution (Crane & Matten, 2004). Questions of how employees should be paid, how they should be trained, under what conditions they should be expected to work, how hard they should work, how they should be disciplined, and how their employment should be terminated, are fundamental to HRM. Responding to these questions is the crux of both the practice and study of HRM. In industrialized countries, many of the practices that are vulnerable to justice concerns are regulated through legislation aimed at achieving procedural justice.

Reliance on legislation for the protection of rights and justice in the employment relationship has severe limitations. Whilst there is an increasing amount of legislation setting the rules of workplace practice, there is also an increasing amount of autonomy in the individual workplace in the interpretation and implementation of these rules. Given the growth of workplace law and litigation (especially EEO considerations), the agenda of HRM is increasingly becoming one of showing justice is being done rather than ensuring that it is (Harris, 2002). The globalisation of business has resulted in multinational corporations (MNCs) based in developed countries that are
not bounded by national legislation contracting employees in developing countries. In many cases MNCs. The basic rights of these employees are unlikely to be protected by law in the multinational corporation’s parent country or the host country. This is particularly the case where multinational corporations operate in free trade zones, that is zones within developing countries where regulations (for example taxation) are suspended in order to encourage multinational corporations to operate in the country in question (Klein, 2000).

Both the rights and justice approaches to work tend to focus on the overt problems at the expense of the broader ethical questions related to work. According to Ciulla (2002: 272), business ethics should examine some of the basic assumptions about the employment relationship and how that relationship affects employees. It is too this end that this paper now turns, questioning the extent to which HRM and the HR manager can be ethical.

**CAN HRM BE ETHICAL?**

Previously, challenges to the extent that HRM can be ethical have been depicted at two levels: the micro-level that consider individual or ‘bundles’ of HR practices, and the macro level that considers HRM as a whole (Greenwood, 2002; Winstanley & Woodall, 2000a). Extending this thinking, it is posited that the macro-level debate can be delineated further to consider the ethics of HRM at the particular business or enterprise level, and at the ethics of HRM at a society level. The impact of human resource strategies is “not confined solely to the level of the firm; rather, HRM strategies affect individuals within organizations and throughout society” (Wilcox & Lowry, 2000: 29). Hence, the analysis that follows will consider the limitations on the ethics of HRM at three levels: the level of the HR manager and HR function, at the level of the enterprise, and at the societal level.
The HR manager and management function

Consistent with the notion that HR managers and HR management function are the ‘keepers’ of morality in the organisation, it is tempting to see the morality of the organisation as directly related to the moral capacities of the HR managers themselves. The HR manager may be more or less morally able due to their own level of personal development or due to their capacity to enact their moral skills.

Some individuals are more developed in their moral capacities than others. Kohlberg (1969) theory of cognitive moral development posits that there are stages of moral development that individuals move through as they reach adulthood and that individuals vary according to their progression of this developmental continuum. As individuals progress in their moral development the principles on which they base their behaviour are internalized and become intrinsic to their being. This is irrespective of the specific nature of these principles (e.g. deontological, justice-based, etc). Trevino (1992) used this theory of moral reasoning to explain the moral behaviour of individuals in organizations, particularly managers. She cautions us however, that in order to more fully understand ethical behaviour in an organizational context, other factors beyond cognitive moral development such as personality variables (e.g., locus of control, self-monitoring, ego strength) and situational influences (e.g. reward systems) must be considered.

There exists the possibility that moral HR managers may be compromised in their ability to act morally by virtue of their dual roles as employer representative and employee activist. This ambiguity of role has “sharpened” as organizations respond to increased competitive pressures (Foote & Robinson, 1999: 26). In addition, it has been suggested that HR managers are limited by their lack of competence and lack of professionalisation. It has been suggested that, in order to fulfil the responsibilities of the role as an HR manager, an individual would need to be an
intelligent, articulate and ethical persuader, a respected and trusted negotiator/ conflict resolve, capable of inspiring people by invoking a clear vision of the best an organization can achieve, capable of building an ethical culture, and capable of monitoring the fairness of its social and environmental behaviour (Ardagh, 2003). This is certainly a tall order for an individual who may not be specifically trained in HR, or may not have a university degree at all. Further, in some countries there are no specific guidelines in ethical conduct from their professional body. HR professionals may choose whether to affiliate with the professional body, and there is no requirement for further education or professional development¹. Indeed, in many cases HR activities are undertaken by managers working in functions other than HR.

The ethical behaviour of an HR manager may be limited by the ethics of senior management and organizational culture. Wiley (1998: 147) found that “regardless of gender, position, or company size, employment managers’ ethical behaviour is influenced most by the behaviour of senior managers and their immediate supervisors”. HR managers who continue to take an ethical stance in an unsupportive organizational environment risk negative personal and professional consequences. When an ethical conflict becomes too great it is likely to be resolved by the HR manager resigning (Foote & Robinson, 1999). This outcome is affected by the level of influence, relevance and power attributed to the HR manager and the HR function and that “the extent to which HR professionals were able to influence organizational ethics was highly contingent upon the culture and structure of the organization” Foote and Robinson (1999: 96).

**HRM within the enterprise**

HRM has moved beyond the realm of the HR manager and HR management function to become a key feature at the enterprise level. Developments in HR policies and practices that are of

---

¹ For example, The Australian Human Resource Institute (AHRI) has no code of conduct for its members. In contrast, the equivalent body in the United States, the Society for Human Resource Management, does have a code Membership of AHRI is entirely voluntary and the body has no capacity to register/deregister HR officers. AHRI has no capacity to compel its members to undertake development activities.
particular ethical concern include the advent and rise of strategic HRM and high commitment HR systems.

In a bid to overcome the perceived low relevance and power of HRM in many organizations, the function is increasingly being positioned as strategic human resource management, where the aim of HRM is to become a strategic aspect of the business through its reinforcement of broader organizational goals. HR practitioners are under pressure to eschew their traditional role as employee champions in order to become accepted by their management colleagues as business partners (Greenwood & Simmons, 2004). According to Wilcox and Lowry (2000), the reframing of HRM to become ‘strategic’ provides a backdrop for the acceptance of the use of individuals as a means to an economic end. Human resource strategies such as large scale downsizing that would once have been considered radical are now seen as mainstream strategic choices (Wilcox & Lowry, 2000). Similarly, the practice of contracting-out manufacturing work to plants in the so-called developing world is now widely established (Klein, 2000). Wilcox and Lowry (2000) have noted that what was once labelled ‘hard’ HRM has become common HRM practice and is now framed as strategic. They note that “‘strategic’ choices such as these can lead to the subordination of fundamental human rights, such as the right to a safe workplace, just remuneration [and] freedom of association” (Wilcox & Lowry, 2000: 32).

High commitment HR systems are designed to induce employee commitment by shaping employee behaviours and attitudes through the forging psychological links between organizational and employee goals (Scholl, 1981). High commitment HRM practices can include decentralization and self-managed work teams, employee profit sharing, investment in training and development (Pfeffer, 1998). These practices have been shown to affect employees’ organizational commitment and trust in management (Whitener, 2001). High commitment
practices ‘empower’ employees by giving them autonomy together with suitable learning and involvement in decision making. Such practices purport to encourage risk taking, develop democratic processes and open the organization to critical scrutiny. Claydon and Doyle (1996) have observed that, from a deontological perspective, the empowerment of employees can be endorsed on the basis of employee rights to self determination and personal growth at work. However, they go on to caution that self-interest, on behalf of the individual or the group, may play a large part in such HRM practices. The HRM discourse “slides between deontology and ethical egoism (pursuit of self-interest)” (Claydon & Doyle, 1996: 16). The other side of a double-edged sword has been identified whereby such practices can lead to work intensification, excessive emotional labour and the shouldering of responsibilities that were previously borne by appropriately compensated managers (Greenwood, 2002). In addition, these ‘soft’ forms of HRM may be insidious forms of control aiming to achieve employee compliance through the manipulation of organizational culture (Legge, 1995). Ganz and Bird (1996) identified an ‘empowerment paradox’ where empowerment is used to disempower people through their co-option into a group that represses dissent. Hence, it may be argued that the only HRM that is ethically permissible is employee-centered HRM, and this would be only when there are safeguards to ensure that it is genuinely implemented. This notion is supported by findings of Guest and Conway (1999) that suggest that employees generally prefer high commitment HRM practices to many of the ‘harder’ alternatives.

**HRM within society**

The managerialist and unitarist underpinnings of HRM have been widely identified (Legge, 1995). The rise of HRM has coincided with changes in the management of the work not just at the enterprise level but at the societal level. At the enterprise level, the lack of opportunity for employees to pursue their interests separate to those of the organization, though practices such as cultural control and alternative dispute resolution, has been discussed earlier. At a societal level,
there have been institutional changes in the way wages and conditions are determined, disputes are resolved, and workers are represented and protected. The last decade has seen both legislative reform and the decrease of unionization in many countries. There is a trend for workers to no longer identify as union members or see themselves as members of a collective. The demise of unions has led to the decline in the voice and autonomy of employees (Ciulla, 2002). Changes in standard employment arrangements may further promote individualization and mitigate collective identification. The emphasis on individualization of HRM has spread beyond particular enterprises to have an impact on the workforce in general. In the past, the lives of workers were shaped by the state and union movement, institutions in which they held a democratic vote. Now it is business that determines how employees should live.

Radical industrial relations has long been concerned with the treatment of workers as objects to be exploited in order to achieve organizational goals and the corresponding lack of respect and dignity this affords them. Marxist and Focauldian discourses on power and knowledge have been evoked by critical writers to depict HRM as a tool by which the owners of capital reinforce the order of work, privileging their own power and objectifying labour (e.g. Townley, 1993). Following this argument HR managers become “key agents in promoting ideologies which obfuscate the fundamentally exploitative nature of the employment relationship” (Barratt, 2003: 1071). According to Wilcox and Lowry, the notion of employees constituting the ‘human capital’ of an organization attenuates Keenoy’s concern that people become valued for their ‘resourcefulness’ (and what that costs) rather than their ‘humanness’ (and what that might deserve) (Wilcox & Lowry, 2000: 13). This instrumental focus on using humans to maximize competitive advantage has come to be regarded as an acceptable price to pay for the recognition of HRM as fundamental to corporate strategy (Greenwood & Simmons, 2004).
The inherent commodification of individuals in employment relationships has been analysed by Walsh (2001) through the application of Kantian principles. According to Kant, it is an imperative that persons are ends in themselves and possess a worth and dignity. Further, persons cannot be ascribed a price as this ‘evacuates’ their intrinsic value or dignity. In strongest form of this argument, the purchase of an individual’s labour is mutually exclusive from the treatment of that individual with respect and dignity. It follows, therefore, that the management of humans as a resource of capitalism is inherently immoral and as such is unallowable. A weaker version of this thesis is somewhat more forgiving of the capitalist institutions. This form of the argument suggests that as a result of placing a price on the worth of an individual that individual may lose some or all of there intrinsic value overtime. Hence, the employment relationship, whilst not necessarily immoral, is fraught with moral risk. This risk is accentuated in market economies where profit maximization is an all-encompassing motive. Under these conditions the systematic focus on the profit places undue pressure on labour costs and working conditions. Walsh’s (2005) advice, that we should regard work as more than just a way of making money, is directed at both business and society.

CONCLUSION
This paper has argued that radical critiques of HRM are salient to the consideration of ethics and HRM. In addition to understanding the ethical nature of HRM at the level of the HR manager and HR management function, and at the enterprise level, it is imperative to consider the morality of HR at the societal level. The significance of the unitarist tendency of HRM, its lack of acknowledgement of the divergent interests of employees, and its tendency to suppress collective action in shaping the lives of workers has been posited. Further, the importance of radical concerns about the commodification of labour and the reinforcement of existing power relations in society has been elucidated. It is argued that for a comprehensive debate on the ethical nature of HRM these more global concerns must be addressed.
REFERENCES


